

WWF carbon tax comment submitted to National Treasury

In its submission to National Treasury, WWF South Africa (WWF-SA) has identified carbon tax as an essential instrument to help enable the country's transition to a low carbon economy.



However, the organisation adds that the tax design and effectiveness should be sharpened to ensure that the right enabling conditions are created for a just, low-carbon transition.

The proposed tax, in principle, has the potential to shift South Africa away from its current resource intensive paradigm while driving efficiencies, innovation and job creation in what will be a cleaner, low carbon economy. Without a tax, the country will become increasingly reliant on fossil fuels with adverse consequences for economic, social and human development plans, which South Africa will be forced to abandon as the need to redirect funds to climate change adaptation becomes necessary.

"Once implemented, the carbon tax will help place South Africa to meet its global promise to bring down its own emissions with international assistance. South Africa will also lay the basis for a managed and just transition with an economy that is resilient to external shocks, low carbon intensity and better use of our energy resources that are becoming expensive," says head of WWF-SA's Living Planet Unit, Saliem Fakir.

However, more should be done to enable the tax to achieve its intended objectives. The implementation of such a tax should broadly achieve:

- high levels of resource efficiency;
- a shift towards less energy and less carbon intensive economic sectors which can generate economic wealth and create jobs;
- diversification of the country's export base and competitiveness through new technologies, goods and services;
- the de-risking of investments from climate change and high-carbon dependence;
- the transformation of the energy sector to realise a combination of benefits including reduced greenhouse gas emission, enhanced energy security, energy efficiency, improved affordability of energy, lower long-term inflationary

effects from coal and oil dependency; and

- secure funding and reduced investment risk.

"In its current form and in the current market and policy environment of the country, the tax may have limited effects on intended outcomes, may not be sufficient to incentivise the much-needed behavioural and technological shifts toward a low carbon future, and could lead to unintended consequences of an unfair cost burden to the consumer," says WWF-SA's Energy Economist, Manisha Gulati.

WWF-SA's submission follows calls, from National Treasury, for public comment on the updated carbon tax discussion paper. A copy of WWF-SA's submission to the financial body is available at www.wwf.org.za/carbontaxsubmission.

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